

Omnicare Profile

2Q00

Product	Contr. Sales	Market Share
Risperdal	16,558,294	58.13%
Duragesic	4,597,723	58.42%
Aciphex	147,454	1.65%
Procrit	4,505,905	
Propulsid	154,808	1.12%
Ultram	1,213,133	24.74%
Levaquin Tab	3,480,377	61.35%
Levaquin IV	367,445	58.52%
	31,025,139	

LTC PP Beds (K)

Omnicare	525
Pharmerica	425
NCS	245
NeighborCare	260
APS	110
Vencare	80
SunScript	70
	1,715

Recent developments

1. Consulting and Services Agreement
 - a. Risperdal Rebates have been pushing towards Best Price
 - b. To avoid Best Price, the Strategic Overlay for Risperdal (2% of sales) had to be eliminated
 - c. In order to balance this, an agreement was established with Omnicare to purchase data, roughly at the cost of the Strategic Overlay for Risperdal
 - d. Data to be sent to J&J include data which is not available via IMS or other 3rd parties (Quarterly physician prescribing reports, quarterly competitive market share by pharmacy site, monthly market share reports)
2. Risperdal, Duragesic Amendment
 - a. Risperdal: tiers and rebate rates raised to help entrench Risperdal's position in Omnicare's business
 - b. Duragesic: tiers lowered slightly to earn same rebate rate
3. New Acquisitions Amendment
 - a. Under discussion
 - b. Two options:
 1. New acquisitions submit separately for first qtr, but are measured by O'care's matrix
 2. O'care's market shares and resultant rebates are applied to New Acquisition (will fail red-faced test)
4. McKesson Waiver for price increases (signed by Omnicare, but to be signed and forwarded to HCS by McKesson)
 - a. Price increases require 45 days for full implementation
 - b. Omnicare requested that going forward, its price increases be implemented as soon as increases are announced
 - c. Omnicare wants to take advantage of maximum rebate amounts per quarter
 - d. The concern is that Omnicare's member sites will purchase off of other buying group's contracts; this will result in Omnicare possibly losing a significant amount of sales and rebates
5. Advancement of 2Q00 rebates
 - a. HCS sent \$2.5MM against its 2Q00 rebates in order to assist in cash flow issue

Observations

1. The LTC Pharmacy Providers market is undergoing financial difficulties
2. Omnicare is spearheading an effort to consolidate the market among LTC Pharmacy Providers
 - a. Anecdotal evidence point to Omnicare having an interest in purchasing APS and/or NCS
 - b. But given the limited number of players in the market and the consolidated number of beds, Regulators may intervene
3. It is considered to be the most likely to be the "last one standing"
4. Given that it also had a few financial difficulties (cash flow problem in 2Q00), it may not be as viable as first thought
5. Omnicare has been pushing for greater discounts (rebates) due to its market size as well as its ability to move share
 - a. Its ability to move share is noted, but other players are currently moving their share more aggressively than Omnicare
 - b. However, given Omnicare's size, there may come a point where rebate arrangements are determined based on share-movement ability as well as size (beds)